ORIGINAL



RECEIVED CEDAR GROVE WATER

PO BOX 12702SHOW LOW, AZ 85902 • PHONE-928-537-8739 • FAX-928-537-8739

AZ CORP COMMISSION DOCUMENT CONTROL

Rate Application
Docket Number. W-02597A-06-0308
Test Year Ended December 31, 2005
Response to List of Deficiencies

- 1) Please see Attachment 1; Plant Additions and Retirements by Year (pg 13 of the Rate Application).
- 2) The number of meters on page 6 of the Rate Application shows the number of active meters; whereas, the number of meters on page 17 shows the number of meters contained in Plant in Service (this also reflects inactive meters).
- 3) During the months of January to June 2005, the master meter located at DWR# 55-550075 was out of commission; thus creating the large discrepancy between gallons sold and gallons pumped reported on page 18 of the Rate Application. Since the problem with the master meter began late in 2004, the data from 2002 and 2003 were used to create an average to be used in reconciling the 2005 numbers. Gallons pumped were approximately 5% higher than gallons sold in both 2002 and 2003. Believing the gallons sold in 2005 to be accurate, 5% was added in order to create the number for gallons pumped. The gallons pumped in 2005, that will coincide with gallons sold, is 17,144,316.

The Water Use Data Sheets from Cedar Grove Water Inc.'s 2002 and 2003 Annual Reports are included as supporting documentation for the reconciliation made in the preceding paragraph. They are marked as Attachment 2.

- 4) Please see Attachment 3; Calculation of Depreciation Expense (pg 20 of the Rate Application).
- 5) By multiplying the total number of bill counts, 3,188, by the monthly minimum, \$18.75, the resulting number is \$59,775. Cedar Grove Water Inc. then divided the amount of gallons sold by 1,000 to arrive at 16,369.5. This number was then multiplied by \$2.50, the charge per thousand gallons, and obtained \$40,923.75. Adding \$59,775 to \$40,924 = \$100,699; showing a discrepancy of \$2,022 when compared to \$102,721, the amount of revenue reported on page 19 of the Rate Application.

Upon review, Cedar Grove Water Inc. has determined that the number reported in the Rate Application includes the water sales of a standpipe customer. Totaling the revenues received from this customer indicates that \$2,079 should be removed from the revenue of \$102,721. The reconciled revenue is \$100,642; leaving a discrepancy of \$57 while using the bill count calculated total of \$100,699.

6) Please see Attachment 4; ADEQ MAP invoice pertaining to Cedar Grove Water Inc.

7) Please see Attachment 5; Plant Summary (pg 14 of the Rate Application). The brief narrative below is for the purpose of clarifying the issue of 2-inch PVC water pipe contained throughout the Cedar Grove Water Inc.'s distribution system.

When the previous rate case was performed, the Cedar Grove Water system was not interconnected and therefore classified as Cedar Grove Water North and Cedar Grove Water South. The South system was said to contain 1,370 feet of 2-inch PVC and the North system to contain 2,010 feet of 2-inch PVC; thus showing a conglomerate total of 3,380 feet of 2-inch PVC. After reviewing the information, Cedar Grove Water Inc. representatives feel that 2,060 feet should be the total amount of 2-inch PVC in the North and South systems combined. In order to obtain an accurate number of 2-inch PVC in the North, the number relating to the South system should be subtracted from the number pertaining to the North system; this would equal 2,060 - 1,370 = 690 feet of 2-inch PVC.

Also attached with the revised page 14 of the current Rate Application are two pages, one from Cedar Grove Water's 1999 Annual Report and the other from their 2002 Annual Report; both pages support the proposition stated in the paragraph above.

- 8) The 2 inch meter shown on the prior year application is still a part of the distribution system; however, the meter is used by a bulk hauler and is therefore presently applied to the Distribution Reservoirs and Standpipes (Acct. No. 330) under Plant in Service.
- 9) Please see Attachment 6; ADEQ Drinking Water Compliance Status Report for Cedar Grove Water, PWS # 01-049. Since the North and South systems have been permanently interconnected, Cedar Grove Water Inc. does not possess an ADEQ Drinking Water Compliance Status Report specific to the Eagle Ridge Subdivision. Documentation verifying the interconnection follows as a response to number 10 on the List of Deficiencies.
- 10) Please see Attachment 7; verification that Cedar Grove Water North and Cedar Grove Water South are permanently interconnected.



Plant Additions and Retirements by Year

Acct. No.	Description	on Year <u>\lambda</u>		Year <u>Ol</u>	
110.		Additions	Retirements	Additions	Retirements
301	Organization	0	11144	0,	0
302	Franchises	0	1000	0	0
3 03	Land & Land Rights	0	0	0	0
304	Structures & Improvements	0	2000	0	0
307	Wells & Springs		745	0	0
311	Pumping Equipment		604"	6059	0
32 0	Water Treatment Equipment	0	0	0	0
320.1	Water Treatment Plants	0	0	0	0
320.2	Solution Chemical Feeders	0	0	0	0
330	Distribution Reservoirs & Standpipes	0	162879	0	0
330.1	Storage Tanks			90340	ನಿಕರಂ
330.2	Pressure Tanks	0	0	0	0
331	Transmission & Distrib. Mains	0		31298	0_
333	Services	0		0	0
334	Meters & Meter Installations	200		2606	0
335	Hydrants			0	
336	Backflow Prevention Devices	0	0	0	
339	Other Plant & Misc. Equipment	0	0	0	<u></u>
34 0	Office Furniture & Equipment	0	0	0	0
340.1	Computers & Software	0	0	0	
341	Transportation Equipment	0	0	0	0
343	Tools, Shop & Garage Equip.	0	350	891	0
344	Laboratory Equipment	0	0	0	0
345	Power Operated Equipment	0	0	0	0
346	Communication Equipment	0	0	0	0
347	Miscellaneous Equipment	0	0	0	0
348	Other Tangible Plant		0	0	0_
	TOTAL WATER PLANT	300	178 700	121 194	2500

Note: Enter all additions and retirements, by year, from the prior test year through the end of the current test year. Enter the totals for the additions and retirements for all intervening years on page 14, Columns B and C, respectively.

Company Name:	Test Year Ended:
Codar Grave Water Toc.	December 31 2005

Plant Additions and Retirements by Year

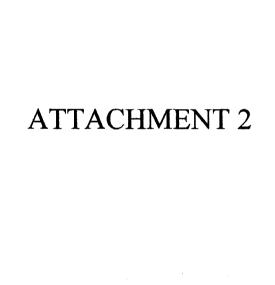
Acct. No.	Description	Yea	r <u> </u>	Yea	Year <u>03</u>	
110.		Additions	Retirements	Additions	Retirements	
301	Organization		0		0	
302	Franchises		0	0	0	
303	Land & Land Rights	0	0	0	0	
304	Structures & Improvements .	0	0		0	
307	Wells & Springs	0	0		0	
311	Pumping Equipment	0	0	1500	0	
320	Water Treatment Equipment	0	0	0	0	
320.1	Water Treatment Plants	0	0	0	0	
320.2	Solution Chemical Feeders	0	0	0	0	
330	Distribution Reservoirs & Standpipes	0	0	0		
330.1	Storage Tanks	0	0	0		
330.2	Pressure Tanks	0	500	0		
331	Transmission & Distrib. Mains	36478	0	প্রহণ্ণ রহী	0	
333	Services	4420	0	316	0	
334	Meters & Meter Installations	1040	0	1300	0	
335	Hydrants	0	0	0	0	
336	Backflow Prevention Devices	0	0	0	0	
339	Other Plant & Misc. Equipment	0	0	0	0	
340	Office Furniture & Equipment	0	0		0	
340.1	Computers & Software	<u> </u>	0	0	0	
341	Transportation Equipment	0	0	0	0	
343	Tools, Shop & Garage Equip.	0	0	0	<u> </u>	
344	Laboratory Equipment	0	0	0	0	
345	Power Operated Equipment	0	0	0	0	
346	Communication Equipment	0	0	0	0_	
347	Miscellaneous Equipment	0		0	0	
348	Other Tangible Plant	0	0	0	0	
	TOTAL WATER PLANT	41938	500	ଟ୍ଟ ⁹ 56	0	

Note: Enter all additions and retirements, by year, from the prior test year through the end of the current test year. Enter the totals for the additions and retirements for all intervening years on page 14, Columns B and C, respectively.

Plant Additions and Retirements by Year

Acct. No.	Description	Year <u>o</u>		Ye	Year <u>05</u>	
110.		Additions	Retirements	Additions	Retirements	
301	Organization	0	0	0	0	
302	Franchises	0	0	G	0	
303	Land & Land Rights	0		0	0	
304	Structures & Improvements	0	0	0	0	
307	Wells & Springs	0	0	0	0	
311	Pumping Equipment	750		0	0	
320	Water Treatment Equipment	0		0	0	
320.1	Water Treatment Plants	0	6	0	0	
320.2	Solution Chemical Feeders	0			0	
330	Distribution Reservoirs & Standpipes	0	0	0	0	
330.1	Storage Tanks	0	0	0	0	
330.2	Pressure Tanks	0	0	0		
331	Transmission & Distrib. Mains	45068		18342	0	
333	Services	0	0	7781		
334	Meters & Meter Installations	0	0	3038	150	
335	Hydrants	0	0	0	0	
336	Backflow Prevention Devices		0	0	0	
339	Other Plant & Misc. Equipment		0	0	0	
340	Office Furniture & Equipment	3	0	0	0	
340.1	Computers & Software	0	0	0	0	
341	Transportation Equipment	0	0	0	0	
343	Tools, Shop & Garage Equip.	0	0	0		
344	Laboratory Equipment	0	0	0	0	
345	Power Operated Equipment	0	0	0	<u> </u>	
346	Communication Equipment	0	0	0		
347	Miscellaneous Equipment	0	0	0	0	
348	Other Tangible Plant	0	0		0	
	TOTAL WATER PLANT	45818	0	<u> </u>	150	

Note: Enter all additions and retirements, by year, from the prior test year through the end of the current test year. Enter the totals for the additions and retirements for all intervening years on page 14, Columns B and C, respectively.



<i>[</i>			
MPANY NAME:			

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2002

MONTH	NUMBER OF	GALLONS SOLD	GALLON PUMPED
	CUSTOMERS	-	(Thousands)
JANUARY	186	744.438	879,970
FEBRUARY	F81.	739.324	820.370
MARCH	188	519 150	972950
APRIL	194	1,019,758	1.581,490
MAY	901	1,725,550	1,404, 450
JUNE	202	2.070,20D	1.470.200
JULY	200	1.416.900	1.679 550
AUGUST	205	1.154,1,90	1,248,440
SEPTEMBER	206	1,240,048	1.106,300
OCTOBER	206	998,810	1.043.1,30
NOVEMBER	213	830, 120	1843.500
DECEMBER	211	08F POF	835,000
	TOTAL	N/A	13,886,050
		13, 168, 768	,

Is the Water Utility located in an ADWR Active Management Area (AMA)?

() Yes (No.
-----------	-----

Does the Company have An ADWR Gallons Per Capita Per Day (GPCPD) requirement?

() Yes No

If yes, provide the GPCPD amount:

What is the level of arsenic for each well on your system. 0.0040 mg/

(If more than one well, please list each separately)

Note: If you are filing for more than one system, please provide separate data sheets for each system.

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2003

MONTH	NUMBER OF	GALLONS SOLD	GALLON PUMPED
	CUSTOMERS	-	(Thousands)
JANUARY	706	822 300	867.520
FEBRUARY	213	843,340	889.720
MARCH	. 311	585,300	(017 500)
APRIL	213	770.500	088,618
MAY	216	1221,670	1,288,870
JUNE	225	1,777,460	1.875,200
JULY	223	2,743,730	2.894,630
AUGUST	298	981,110	1.035,000
SEPTEMBER	227	1.091,160	1,151,180
OCTOBER	225	1238,500	1.306.600
NOVEMBER	234	1:048.900	1.106.590
DECEMBER	~ 331	654,740	690,750
	TOTAL	N/A	14,536,440
		13 778 710	

13, 778, 710

Is the Water Utility located in an ADWR Active Management Area (AMA)?

() Yes No

Does the Company have An ADWR Gallons Per Capita Per Day (GPCPD) requirement?

() Yes No

If yes, provide the GPCPD amount:_____

What is the level of arsenic for each well on your system. See Below mg/1 (If more than one well, please list each separately)

Note: If you are filing for more than one system, please provide separate data sheets for each system.

POE # 1-.0040mg/1 POE # 2-.0030mg/1 POE # 4-.0032mg/1 **ATTACHMENT 3**

Company Name:	Test Year Ended:
Cedar Grave Water Inc.	December 31 2005

CALCULATION OF DEPRECIATION EXPENSE

Acct. No	Description	Original Cost	Depreciation Percentage	Depreciation Expense
		Column A	Column B	Column C*
301	Organization	1000	0	
302	Franchises	500	0	_ 0
303	Land & Land Rights	1000	N/A	0
304	Structures & Improvements	8500	3.33	283
307	Wells & Springs	19955	3, 33	665
311	Pumping Equipment	29610	0	. 0
320	Water Treatment Equipment	0		0
320.1	Water Treatment Plants	0	٥	0
320.2	Solution Chemical Feeders	0	Ö	0
330	Distribution Reservoirs & Standpipes	97856	2. 22	2172
330.1	Storage Tanks	0	0	0
330.2	Pressure Tanks	0	0	0
331	Transmission & Distrib. Mains	467678	2.00	9354
333	Services	27601	3, <i>3</i> 3	919
334	Meters & Meter Installations	0801	8,33	900
335	Hydrants	O	0	0
336	Backflow Prevention Devices	0	0	0
339	Other Plant & Misc. Equipment	0	0	0
340	Office Furniture & Equipment	0	0	0
340.1	Computers & Software	0	0	0
341	Transportation Equipment	0	0	0
343	Tools, Shop & Garage Equip.	891	0	0
344	Laboratory Equipment	C	0	0
345	Power Operated Equipment	0	c	0
346	Communication Equipment	o	0	0
347	Miscellaneous Equipment	0	0	0
348	Other Tangible Plant	0	0	0
	TOTAL WATER PLANT	658401		14293

Note: Use Test Year ending balances for column 1, and approved depreciation rates from the prior rate case in column 2.

^{*} Column $C = Column A \times Column B$

ATTACHMENT 4



ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY MONITORING ASSISTANCE PROGRAM ANNUAL SAMPLING FEE INVOICE

Pursuant to A.R.S. § 49-113, interest will be charged if full payment is not received by the specified due date. If you dispute the amount listed, please contact ADEQ as soon as possible. To reduce interest costs on an unpaid invoice, you may remit an amount that you believe is not in dispute. However, if nonpayment is due to wilful neglect, you may suffer an additional five percent penalty of up to twenty-five percent of the amount due for each month or fraction of a month the amount is past due.

If you have any questions about your invoice, contact W. Scott Steinhagen at (602) 771-4445 or Mike Hill at (602) 771-4518 or toll-free within Arizona at (800) 234-5677, extension 771-4445.

Pursuant to A.R.S. § 49-360 F and A.A.C. R18-4-224 through R18-4-226, "The director shall establish fees for the monitoring assistance program to be collected from all public water systems..."

Owner Id #: 8824	Invoice Number 62674		
To: GRAPP, MARK	Public Water System ID #: 01049		
PO BOX 1270 SHOWLOW, AZ 85902	Billing for Calendar Year: 2006		
SHOWEOW, NZ 63902	Due Date: January 30, 2006 2nd Notice! Past Due!		
	Total Amount Due		
	Amount Paid		

↑ Keep the top portion for your records. ↑

ADEO Federal Tax #866004791

This entire bottom portion must be returned to ADEO.

ADEO Federal Tax #866004791 Invoice # 62674

Annual Sampling Fee Invoice

8824 Owner Id #: **MAP** Billing for Calendar Year: 2006

Due Date: 01/30/2006 Past Due!

GRAPP, MARK PO BOX 1270 SHOWLOW, AZ 85902

01049 - Cedar Grove Water Co

ANNUAL SAMPLING FEE WORKSHEET

For the past several years, the MAP Annual invoice has included a credit to refund surplus dollars above the cost, at the rate of fifty cents (50¢) per connecton. This process is changing. Instead, a refund check will be issued to all eligible water systems by April 1, 2006. We ask you to be patient and wait until after April 1 to call with questions on the refund.

Base Fee (all MAP systems)		250.00
Fee per Connection in 2006	.57\$_	627.08
Total Sampling Fee		877.08
Plus Paid Interest Charges and/or Other Adjustments		0.00
Plus Unpaid Interest Charges as of 02/14/2006		2.52
Minus Payments Received and/or Other Adjustments		0.00
Amount Due		879.60
Amount received by ADEQ (Make check payable to State of Arizona)		
A \$12 fee will be charged for any check not honored by the bank.	Do not write belo	ow this line
Make your check or money order payable to State of Arizona	Check Number:	

THIS FORM MUST ACCOMPANY YOUR REMITTANCE.

Mail to:

Arizona Department of Environmental Quality

PO Box 18228

Phoenix, AZ 85005-8228

Received: Postmarked: MW1 02/14/2006 Entered:

ATTACHMENT 5

Plant Summary

		Plant Summary			<u>,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,</u>
Acct. No.	Description	Plant in Service Per Prior Decision	Total Additions	Total Retirements	Test Year End Total
		Column A	Column B	Column C	Column D*
301	Organization	1000	<u> </u>	0	1000
302	Franchises	500	0	0	500
303	Land & Land Rights	0001	0	0	1000
304	Structures & Improvements	8500	0	0	8500
307	Wells & Springs	19955	0	0	19955
311	Pumping Equipment	17905	8309	0	ର6୬।4
320	Water Treatment Equipment	0	<u> </u>		0
320.1	Water Treatment Plants	0	0	٥	
320.2	Solution Chemical Feeders	0	<u> </u>	0	0
330	Distribution Reservoirs & Standpipes	19200			19800
330.1	Storage Tanks	0	90340	<u> 2500</u>	87840
330.2	Pressure Tanks	0	o	500	₹500>
331	Transmission & Distrib. Mains	199540	207024	0	406564
333	Services	15084	12517	0	27601
334	Meters & Meter Installations	3806	6986	150	10649
335	Hydrants	0	<u> </u>	0	0
336	Backflow Prevention Devices	0		0	
339	Other Plant & Misc. Equipment	0	0	0	0
340	Office Furniture & Equipment	0		0	
340.1	Computers & Software	0		0	
341	Transportation Equipment	0	0		
343	Tools, Shop & Garage Equip.	0	891		891
344	Laboratory Equipment	0	0	0	
345	Power Operated Equipment	0	0		0
346	Communication Equipment	0	0	0	
347	Miscellaneous Equipment		0		0
348	Other Tangible Plant	0	0		
	TOTAL WATER PLANT	OPOORG	326.067	3150	603007

Note: Please refer to the checklist on page 1 for the required attachments related to this schedule

^{*} Column D = Column A + Column B - Column C

pany Name:

Cedar Grove Water

Year Ending: 12/31/1999

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

	MAINS Material	Length	METERS	METERS		
Size			Size	Quantity (how many)		
2" 3"	PVC	2060	5/8 x 3/4" 3/4" 1"	128		
4" 5"			1-1/2"	1		
6" 8" 10" 12"	PVC	38770	2" Comp. 3" Turbo 3" Comp 4" Turbo 4" Comp. 6" Turbo 6" Comp. 8" Turbo 8"			

FIRE HYDRANTS

Standard	Other	
(quantity)	(quantity)	
0	0	

STRUCTURES (buildings, fences, etc.):

- 1 12'x12' Building at Well Site #1
- 1 6'x6' Building at Well Site #2
- 1 20'x30' Building at Well Site #2

OTHER (laboratory equipment, tools, vehicles, power generators, etc.,);

N/A

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

	MAINS	
Size (in inches)	Material	Length (in feet)
2	PVC	2060
3		
4		
5		
6	PVC	74.140
8		
10		
12		

CUSTOMER METERS

COSTONIER METERS				
Quantity				
993				

TREATMENT EQUIPMENT:

STRUCTURES:

1-13' x 13' BLDG

1-16' x (6' BLDG

1-20' x 30' BLDG

1-20' x 30' BLDG

1-20' x 30' BLDG

1-20' x 30' BLDG



Arizona Department of Environmental Quality

Water Quality Compliance Assurance Unit 1110 W. Washington Street, 5415B-1 Phoenix, AZ 85007

Drinking Water Compliance Status Report

Public Water System Name:	Cedar Grove Water
Public Water System ID #:	01-049
Public Water System Type:	[X] CO [] Non-transient Non-community [] Transient Non-community
Overall Compliance Status:	[X] No Major Deficiencies [] Major Deficiencies
Monitoring and Reporting Status: Comments:	[X] No Major Deficiencies [] Major Deficiencies
Operation and Maintenance Status: Comments:	[X] No Major Deficiencies [] Major Deficiencies
Major unresolved/ongoing operation and [] unable to maintain 2 [] cross connection/bac [] treatment deficiencie [] certified operator	Opsi [] inadequate storage kflow problems [] surface water treatment rule
Date of last inspection / sanitary survey:	4-7-03
Administrative Orders: Is an ADEQ administrative order in effectionments:	ect? [] Yes [X] No
System information:	
Number of Points of Entry 3 Number	er of Sources 3 Population Served 683
Service Connections 244	Initial Monitoring Year 1993 Initial MAP Year 1999
Evaluation completed by: Jim P	uckett

Phone: 602-771-4649 Date: 10-31-05

Based upon data submitted by the water system, ADEQ has determined that this system is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, Chapter 4. This compliance status report does not guarantee the water quality for this system in the future. This compliance status report does not reflect the status of any other water system owned by this utility company.





ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY



3033 North Central Avenue • Phoenix, Arizona 85012-2809 (602) 207-2300 • www.adeq.state.az.us

December 12, 2001

Mark Grapp Cedar Grove Water Management PO Box 876 Taylor Az 85939

RE: Cedar Grove Water Co. North, PWS #01-049 Cedar Grove Water Co. South, PWS #01-058 Eagle Ridge, PWS #01-065

Dear Mr. Grapp:

Enclosed is an Approval of Construction for the tie lines between the above referenced water systems. This will effectively make the three one systems become one system and as a result a name and system number must be selected for the new system. One option would be to call the system Cedar Grove Water Co. using the 01-049 PWS number since the north system was formerly the largest system. The amended Approval of Construction that is enclosed has been completed using that designation. Please advise what your preference is in this matter. Additionally, it will be necessary to re-enter monitoring data in the drinking water database and this requires that POE's be changed prior to doing so. Consequently, you should also advise us what POE designations that you want to use for the combined system. Please do so as soon as possible in order to facilitate the process.

You are also reminded that it is still necessary to resolve the unapproved construction in Sunrise Vista Estates (CF#870705)as soon as possible in order to avoid additional compliance actions (see letter dated September 13, 2001).

If there are any questions please contact Buck Olberding at 928-773-2702, or at the referenced address.

Very truly yours.

Harley K. Hiett, P.E. Field Services Manager, East

Northern Regional Office

g:\common\sdw\reo\01-049\merge&poe-ltr



ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

Certificate of Approval of Construction for a Water Distribution System

Applicant Information		ADEQ File I	No. 2000 0554		
Name Mark Grapp Mail Address 1 PO Box 876 Mail Address 2 Taylor Az 8593	PO Box 876		Cedar Grove North & South tie line Cedar Grove North & Eagle Ridge tie line		
City/State/Zip	7	Project Loca	ation west of Vernon		
Project Type(s) Projec		Description			
X Pressure Main Storage Tank	Tank				
Hydro Tank Other	Other				
Facility Name Street Address 1 Street Address 2 City/State/Zip Cegar Grove W PO Box 876 Taylor Az 8592	- A AMERICAN AND AND AND AND AND AND AND AND AND A		Facility Capacity: N/D		
PWSID 01≠049 (Cedar	Grove Water Co. No	ive Water Co. North) System Capacity Affirmation by Date			
County Apache			N/A		
Design Documents Approved	Date		Site Information		
Application		Location of Distribution System			
Site Plan		Township	varies Range		
Design Plan		Section	Quarter Section		
Operations & Maintenance Plan		Lafitude	North		
Response Letter		Longitude	West		
Ofher					

Approval to Construct (AT) the above-described facilities as represented in the approved plans documents on file the with the Arizona Department of Environmental Quality, is hereby given subject to the following provisions. None

CERTIFICATE DISTRIBUTION Original Certificate:

Owner/Subdivide

Certificate Copy Only:

ADEQ/NO Reading File ADEQ/NO Construction File Project Engineer

Jacqueline E. Schafer, Director

Arizona Department of Environmental Quality

Harrey R. Hiett, P.E.

Field Services Manager, East Northern Regional Office

g:\common\sdw\reo\01-049\2000 0554amendment2

ADEQ/NRO, 1515 E. Cedar Ave., Suite F, Flagstaff, AZ 86004

1(877) 602-3675 x2702

(928) 773-2702 Revision (8/27/2001)

CEDAR GROVE WATER

P. O. Box 876, Taylor AZ 85939 (520) 536-5431

December 17, 2001

Arizona Department of Environmental Quality 1515 East Cedar Avenue, Suite F Flagstaff, AZ 86004

RE: Cedar Grove Water Co. North, PWS #01-049 Cedar Grove Water Co. South, PWS #01-058 Eagle Ridge, PWS #01-065

Dear Mr. Buck Olberding,

We agree with your decision to use 01-049 as a PWS # for the new combined system. The POE's will be assigned as follows:

001 the Cedar Grove South System, DWR # 55-550075, PWS #01-058. 003 the Cedar Grove North System, DWR # 55-087623, PWS #01-049. 004 the Eagle Ridge System, DWR # 55-566375, PWS# 01-065.

Ken Isaacson our engineer has gathered the information for the unapproved construction in Sunrise Vista Estates (CF #870705) and is assembling the information to send for approvals. This should happen in the near future.

Thank you for your assistance in this matter. If you have any questions or comments please feel free to contact me at the above address.

Sincerely,

Mark Grapp